

KCStat

kcstat.kcmo.org
January 24, 2017
#KCStat

Housing

Housing

To sustain the City's diverse housing for all income groups through strategic planning and well-designed developments, with an emphasis on revitalizing aging neighborhoods.

How To Get There: 2017-2022 City Objectives For Housing

#	Objectives relating to Housing Programs	Target Timeframe
2	Implement a new five-year consolidated plan and Fair Housing Initiative	2017
4	Develop and implement strategies that increase the proportion of children living in lead-free homes	May 2018
5	Implement a Healthy Homes Inspections program through the Health Department to protect rental property occupants from environmental hazards and improve energy efficiency	May 2018
8	Neighborhoods and Housing Services, Environmental Quality, and the Health Department collaborate and identify funding sources to improve and maximize energy efficiency to reduce costs for the residents of Kansas City, with emphasis on low-income householders, and multi-family low-income housing.	May 2018

#	Objectives relating to Housing Policy and Strategy	Target Timeframe
3	Develop a new City Housing Policy that addresses all housing types, including very low income, affordable, workforce, and market rate	April 2017
6	Support establishment of a new local housing financing organization that offers single family rehabilitation and new infill construction to support home ownership opportunities	April 2018
7	Integrate the results of the Market Value Analysis into City housing and economic development strategies	2017
1	Perform targeted housing condition surveys	July 2017

Housing Programs

Objective:

Implement a new five-year consolidated plan and Fair Housing Initiative

Affirmative Fair Housing (AFH) Plan

In 2016 the City partnered with four other cities in the Greater Kansas City Region to create a regional Affirmative Fair Housing (AFH) Plan. The plan was approved by H.U.D. on December 20, 2016. The Mid-America Regional Council (MARC) directed completion of the Plan's needs analysis, public engagement, and goals and strategies to address the identified fair housing issues.

39 total goals in AFH:

- Housing Development

- i.e. "Rehabilitate homes that are economically viable, and develop and implement rehabilitation training programs for disadvantaged contractors and the unemployed, including members of protected classes"

- Fair Housing Awareness

- i.e. "Utilize various media outlets to inform the public about issues related to fair housing programs and reports "

Housing Development Goals

Policy	<ul style="list-style-type: none"> Develop a new City Housing Policy - addressing all housing types, including very low income, affordable, and workforce housing.
Housing rehab/ new constr.	<ul style="list-style-type: none"> Provide leveraged financing for mixed-income rental projects using federal funds, as needed Rehabilitate homes that are economically viable, and develop and implement rehabilitation training programs Provide leveraged financing and recommend allocating federal funding and LIHTC for mixed-income projects Implement processes for developing affordable rental new construction and rehabilitation Encourage the acquisition and rehabilitation of vacant homes and manage the rental property in a manner which benefits the neighborhood Continue to implement affordable accessible and market rate housing programs
Housing access	<ul style="list-style-type: none"> Increase access to affordable housing in opportunity areas by making better use of housing vouchers Continue to focus programs and activities to prevent housing foreclosure and displacement Target homeownership assistance programs to “Priority Areas” and aggressively market their availability Improve housing conditions and options for rental households in older neighborhoods and communities
Partners	<ul style="list-style-type: none"> Continue to provide aggressive and productive administrative direction for the redevelopment of Kansas City’s neighborhoods at the City level. Create a renewed partnership with the Housing Authority of Kansas City (HAKC) to increase the number of publically owned housing units and other affordable housing units for very low and low income residents Work with the HAKC to align demand of HAKC clients for housing with the over-supply of single-family vacant homes Over the next three years implement the Choice Neighborhood Initiative Plan with the Housing Authority of KC and other community stakeholders Utilize outside funding sources to increase access to economic development
Groups	<ul style="list-style-type: none"> Continue to support disabled and elderly homeowners, particularly members of protected classes, through “aging in place” programs Recommend the establishment of a Housing Trust Fund to support disabled persons and low income persons
Location	<ul style="list-style-type: none"> Annual recommendations for allocating federal funding will be focused on Priority Areas Complete the Linwood Shopping Center at Prospect Avenue and Linwood Blvd, a healthy foods and community service center Develop plans and strategies for senior and affordable housing in all areas of the City along transit corridors, and in close proximity to health care, retail, and recreational facilities Continue to encourage expansion of transit near affordable housing and in low income areas and to connect to major job centers

Fair Housing Awareness Goals

Communication	<ul style="list-style-type: none"> Utilize various media outlets to inform the public about issues related to fair housing programs and reports
Partners	<ul style="list-style-type: none"> Evaluate the possibility of increasing the number of KCMO representatives on the Board of the Housing Authority Establish ongoing meetings with the State of Missouri to discuss housing policy and other issues related to community development Establish ongoing Community Enhancement meetings with financial institutions, insurance companies, landlords, realtors, and foundations in order to enhance their knowledge and support for fair housing goals Work more closely with the various Disability Commissions and non-profits in place to establish a permanent Barrier Removal Program fund for those that might need the program Continue supporting City Education Initiatives
Policy	<ul style="list-style-type: none"> Consider changing the Ordinance to include source of income as a protected category Consider changing the ordinance to include making those persons with a criminal record a protected category Implement a Healthy Homes Inspections program to protect rental property occupants from environmental hazards including lead-based paint and improve energy efficiency Require the development application process, as defined by law, prior to a final building permit being issued, to include fair housing accessibility guidelines Include evaluation of access to community resources for low income and protected persons into comprehensive planning processes Study the current zoning ordinance restrictions and barriers to place low income residents throughout the region to address the issues of community opposition and inclusiveness. Adopt and implement complimentary mobility options such as walking, biking car sharing
Workforce	<ul style="list-style-type: none"> Continue to work with Federal contractors to maximize the benefits of Section 3 for the workforce and area businesses Maximize MBE/WEB participation in Economic Development projects
Groups	<ul style="list-style-type: none"> Evaluate the increase in female household residents being evicted within the courts system and provide opportunities for reducing these numbers Increase the number of accessible units for city-wide new and rehabbed units

Housing Issues:

- Public Resources and programs at the Federal, state and local levels are decreasing and not sufficient alone to address the range of housing development and affordable housing issues.
- The City has an increasing number of foreclosed and vacant single family homes and abandoned vacant lots.
- KC's neighborhoods, the building blocks of the city, are challenged by the loss in population, reduced owner occupancy, increasing number of renter occupied homes owned by absentee owners, increasing housing costs, and deteriorating housing conditions.
- As residents live longer and the population ages, creating and providing suitable housing for this group presents ongoing challenges and opportunities.
- The demand for Section 8 vouchers and services through the Kansas City Housing Authority for very low-income residents remains high, while the supply of vacant, abandoned single-family housing structures is also increasing.
- Attract capable, experienced for-profit and non-profit developers to create affordable housing units in-scale within priority and opportunity areas.
- Given the complexities and challenges of meeting the City housing, community, economic and fair housing needs, the City and its partners will develop an effective and long-term capacity to effectively manage a range of programs and activities that address needs and accomplish our shared goals.

City of Kansas City, Missouri



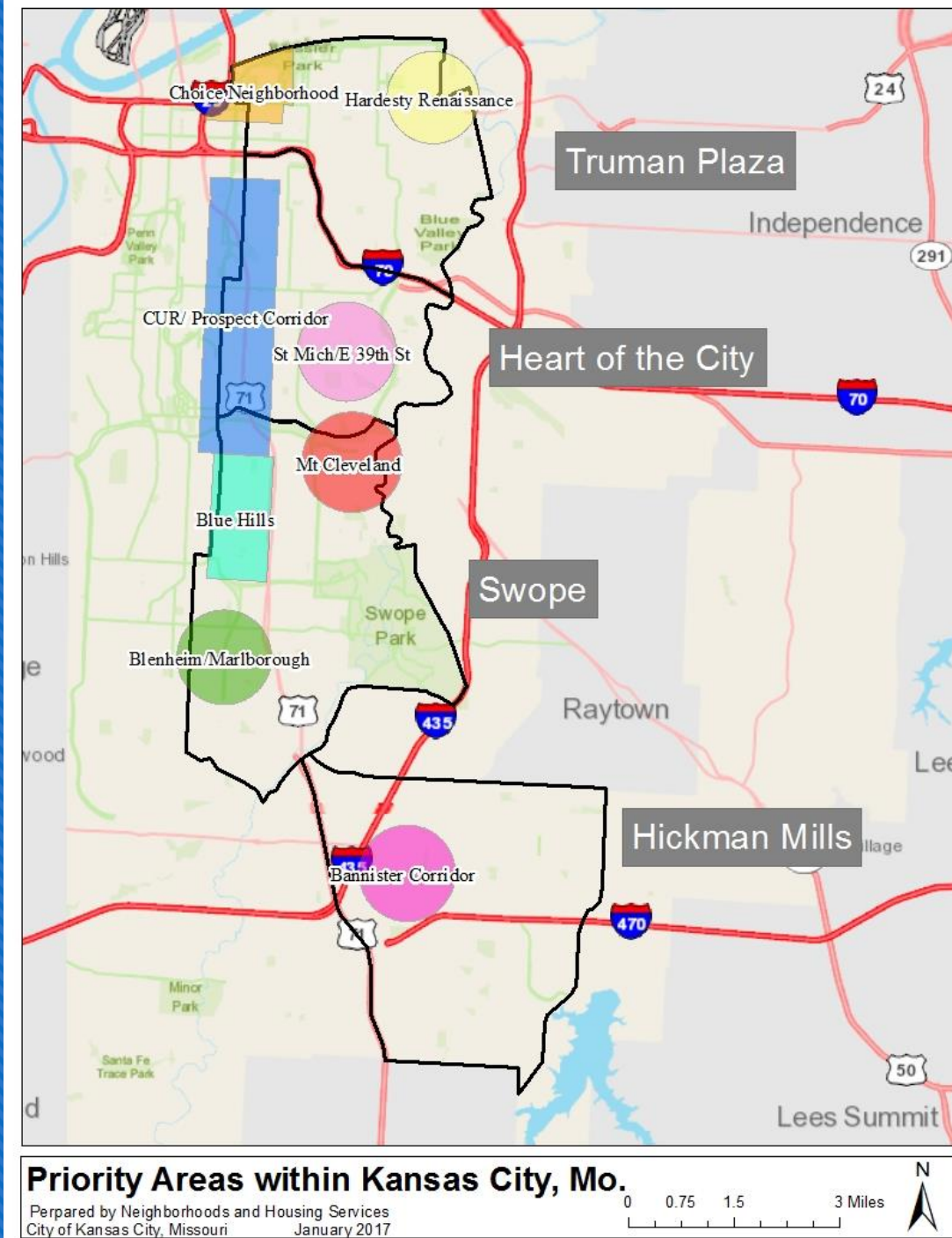
2017-2021
Five Year Consolidated Plan
and One Year Action Plan



A Plan for All Kansas City

Priority Areas for Five Year Consolidated Plan

Source: Housing Division, NHS



2017 Funding Recommendations Total: \$11,681,595

CDBG	Funding Recommendations
Minor Home Repair Services by City and CDCs	\$3,256,496
Public Facilities	\$1,524,059
Planning and Administration	\$1,455,500
Homeless Prevention, Child Care, Youth Svcs, Senior Svcs, Other Svcs.	\$1,105,245
Systematic Code Enforcement	\$500,000
Section 108 Debt Repayment	\$470,000
Economic Development	\$257,000
<u>Total</u>	<u>\$8,568,300</u>
HOME	
Rental Housing Development	\$675,000
Single Family Housing Development	\$347,250
Community Housing Development Organizations	\$192,750
Administration	\$135,000
<u>Total</u>	<u>\$1,350,000</u>

2017 Funding Recommendations

ESG	Funding Recommendations
Rapid Re-housing Activities	\$411,048
Shelter Operations	\$202,500
Administration	\$49,747
<u>Total</u>	<u>\$663,295</u>
HOPWA	
Housing Assistance	\$1,000,700
Transitional Housing	\$66,300
Administration	\$33,000
<u>Total</u>	<u>\$1,100,000</u>

Total for all: \$11,681,595

2017 Consolidated Action Plan Schedule



Objective:

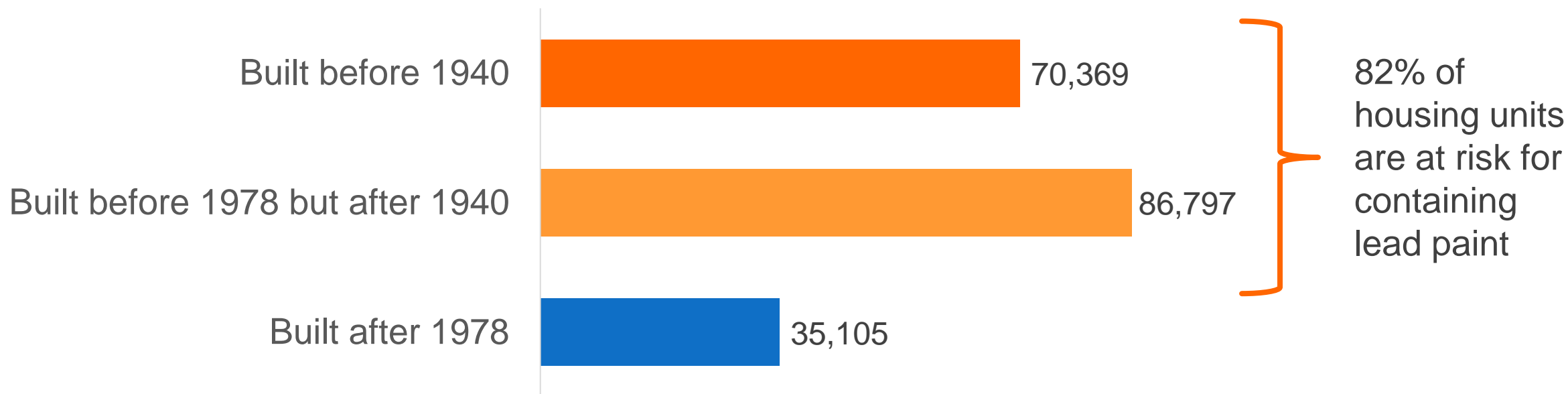
Develop and
implement strategies
that increase the
proportion of children
living in lead-free
homes

Impact and Extent of Lead Paint

Lead is an established neurotoxin that harms the brain, particularly for children, whose brains are developing. Research has linked exposure to lead with violent crime¹ and mental illness².

A primary source of exposure to Americans is lead paint in homes built before 1978.

Housing Units in KCMO by Year Built



Source: Health Department

¹ http://scholar.harvard.edu/files/jfeigenbaum/files/feigenbaum_muller_lead_crime.pdf

² <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2917196/>

Lead Safe KC and Childhood Lead Poisoning Prevention Program

Childhood Lead Poisoning Prevention Program

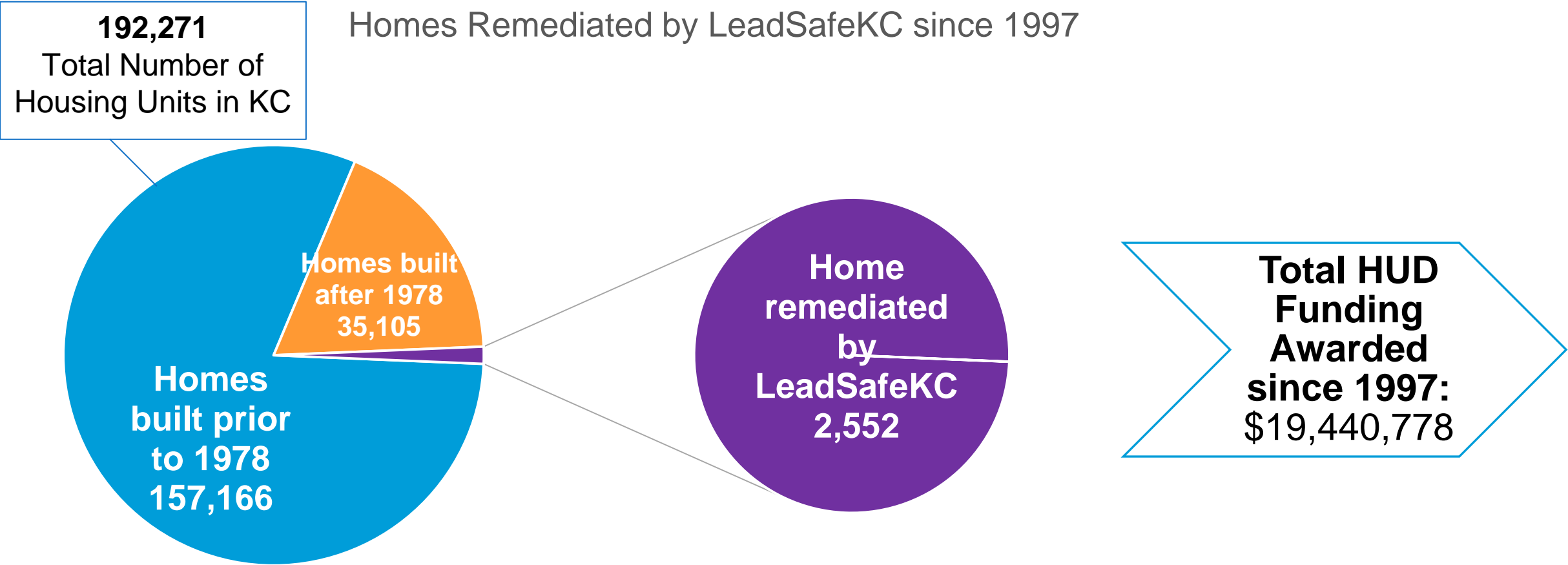
- Free blood lead testing for children 6 and younger and pregnant women;
- Case management for lead poisoning children;
- Community education;
- Product testing;
- For income-qualified residents, referral to Lead Safe KC for lead hazard identification and home repair.



Lead Safe KC

- Grant-funded program through HUD;
- Provides homeowners with lead paint hazard identification and remediation;
 - Household income must be less than 80% of AMI;
 - House must be built before 1978;
 - Child under 6 must live or frequently visit (or occupant is pregnant);
- Rental owners must contribute 15 percent of costs, and tenants must meet income qualifications.

Number of Homes Remediated for Lead

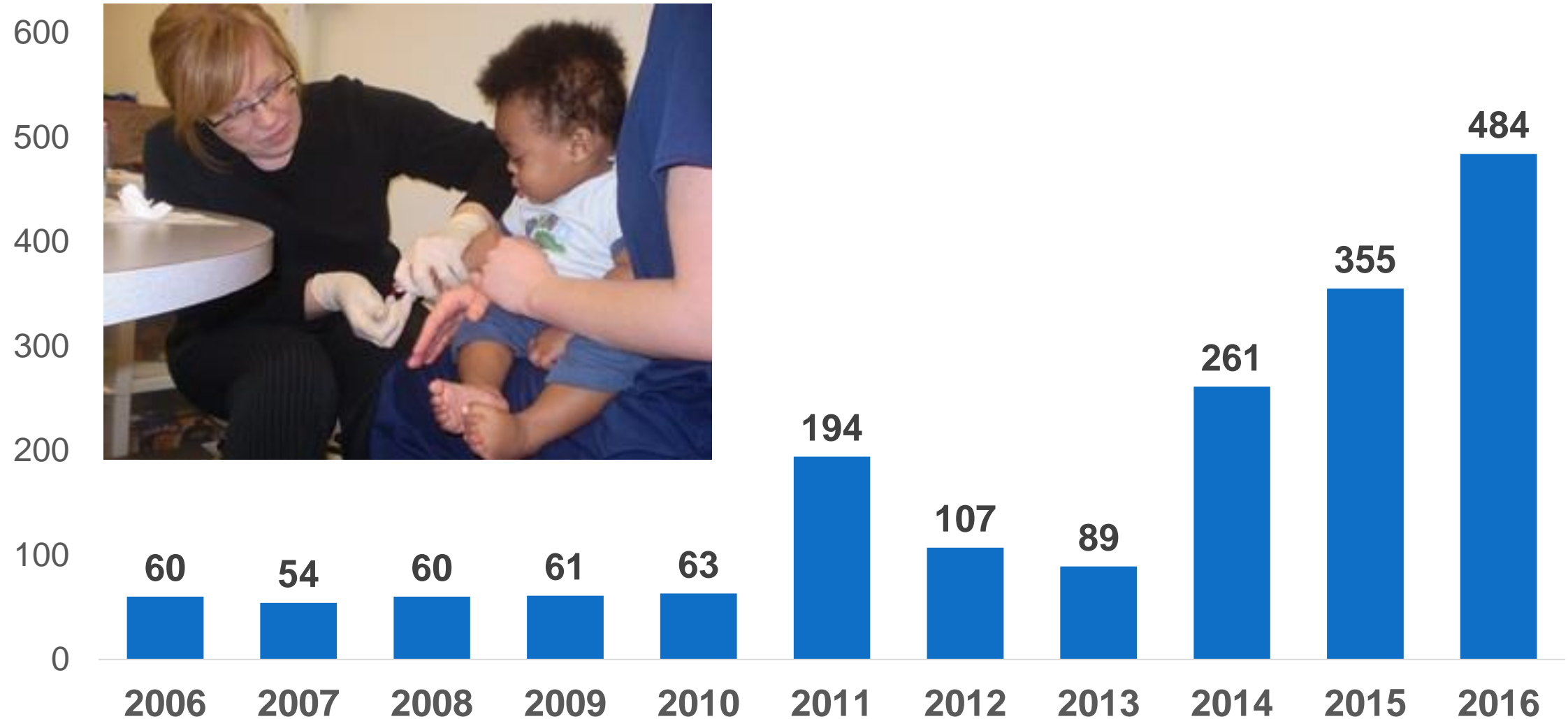


Source: Health Department

Lead Abatement Before & After

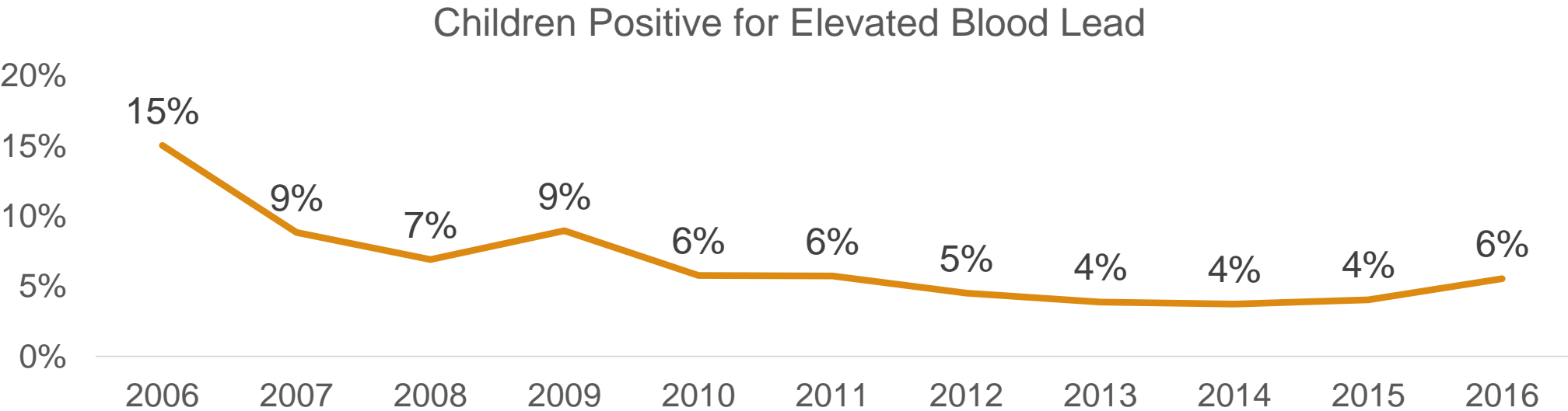
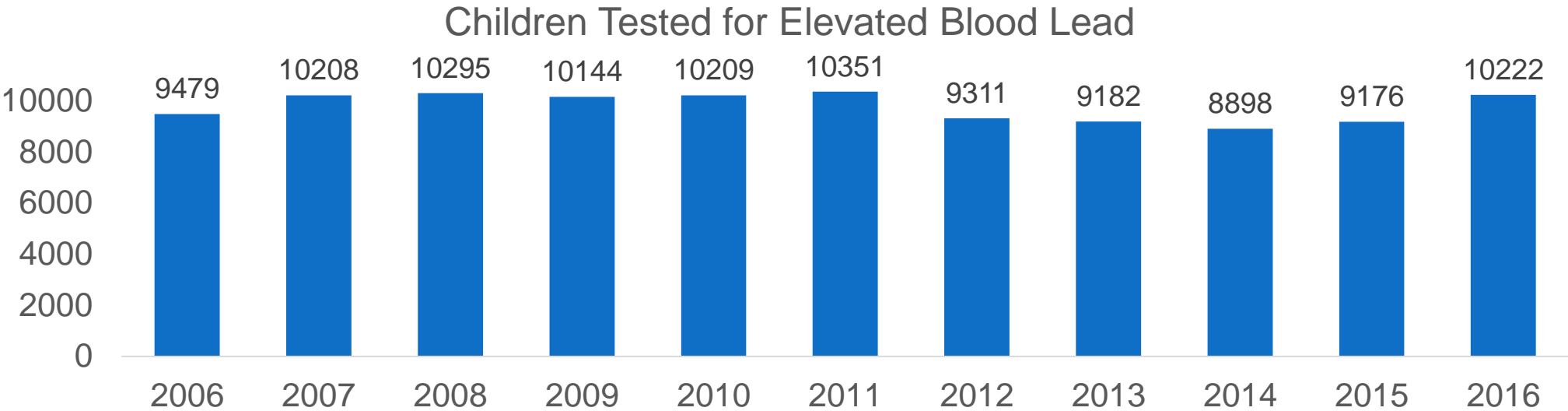


Number of Case Managed Children by Health Department



Source: Health Department

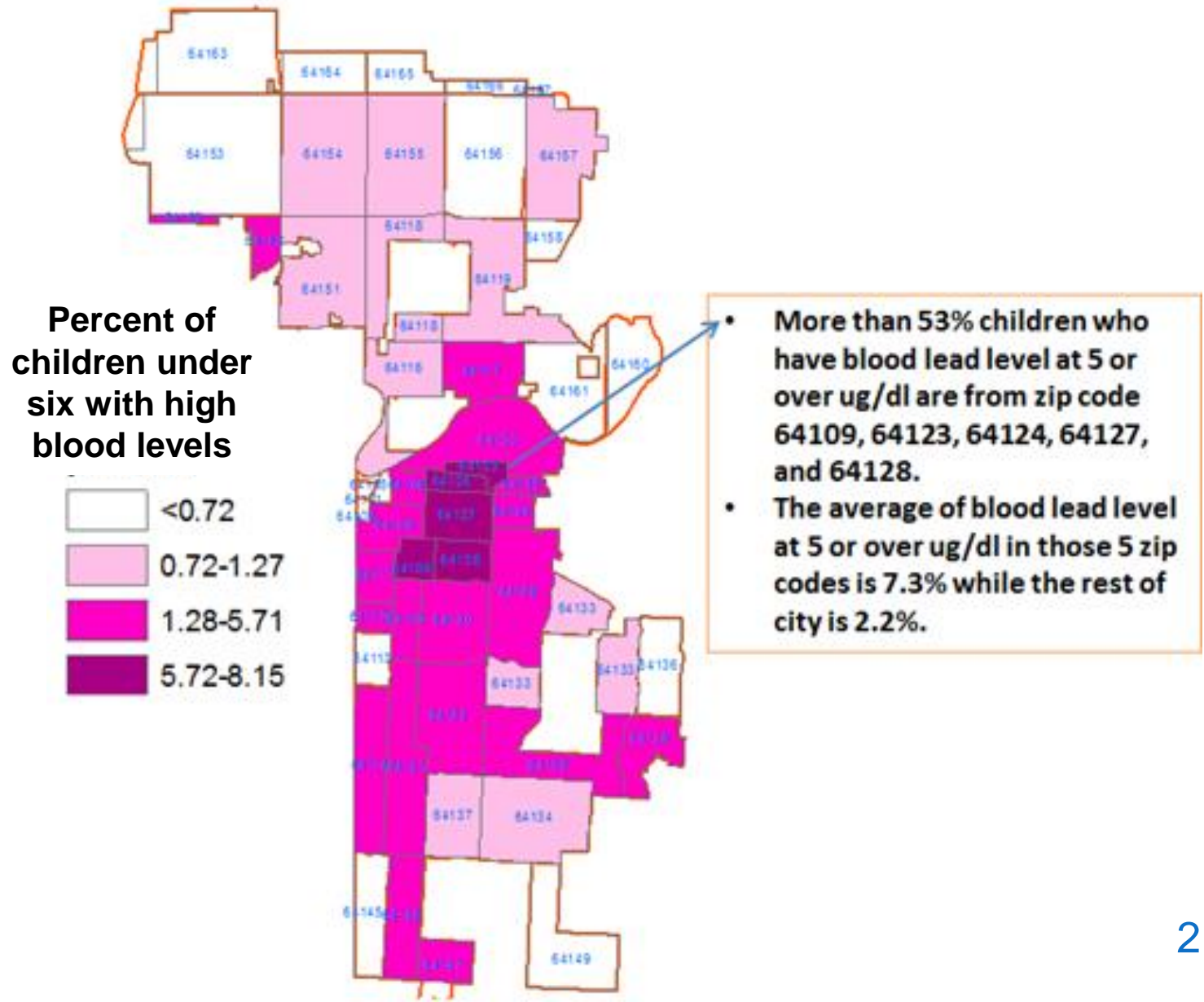
Elevated Blood Lead Levels in KC Children



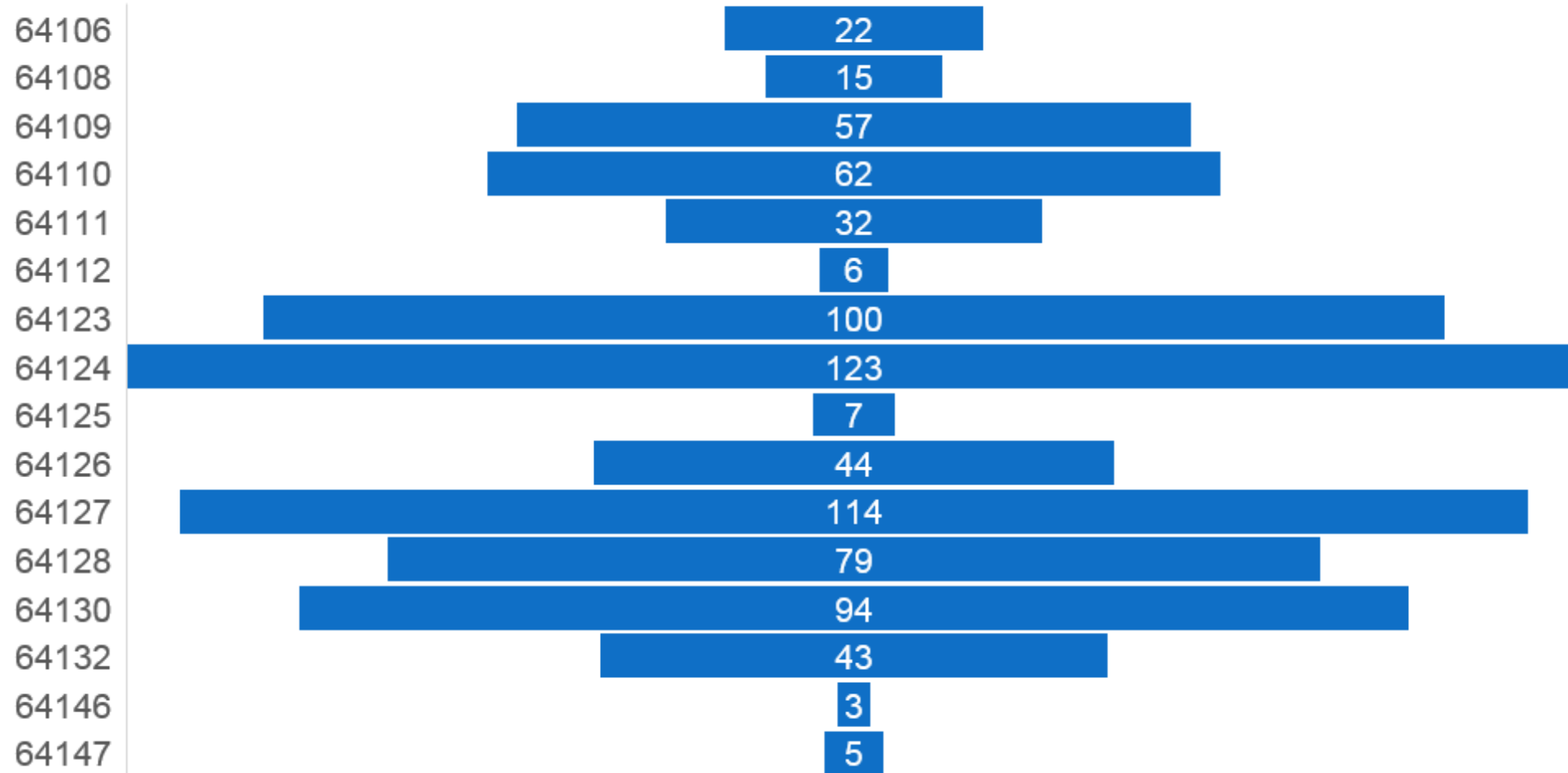
Lead Poisoning in Children by Geography

The incidence of lead poisoning in children is disproportionately located in urban core neighborhoods.

This is related to both the age of housing stock and the incidence of poverty/substandard housing, which is an indicator of risk for lead poisoning.



Projection of children with EBL $\geq 5\mu\text{g}/\text{dl}$



Total Projection of **806** children that are lead poisoned in the City

Source: Health Department

Communication on Housing Lead Prevention

- Created 4 infographics for Lead Safe KC
 - “Windows to the Wall” had the most impressions from on Twitter and FaceBook for the department April May and June 2016
- Launched “teaser” video campaign
 - One version scary to fit into “Stranger Things” buzz from Netflix released at Halloween
 - One up-tempo version showing how we help improve homes released November
 - Videos can be reused next year



Objective:

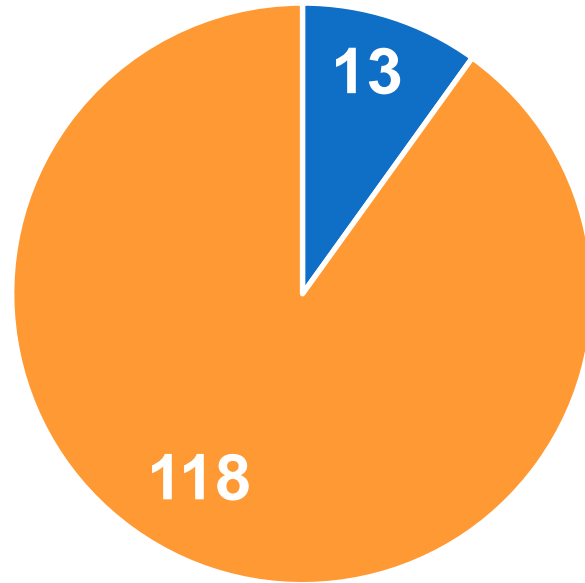
Implement a Healthy Homes Inspections program through the Health Department to protect rental property occupants from environmental hazards and improve energy efficiency

Rental Housing in Kansas City

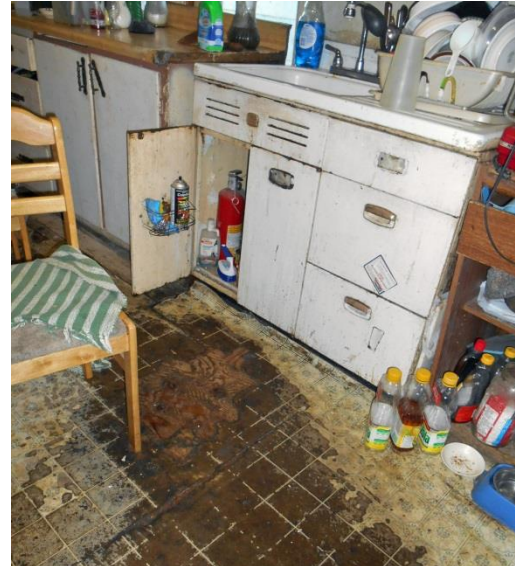
34% of housing units in KCMO
or
65,373 housing units
are rental units

311 Complaints for Healthy Home Issues

311 Complaints Received from 2014-2016



- Responded to
- Unable to Respond to



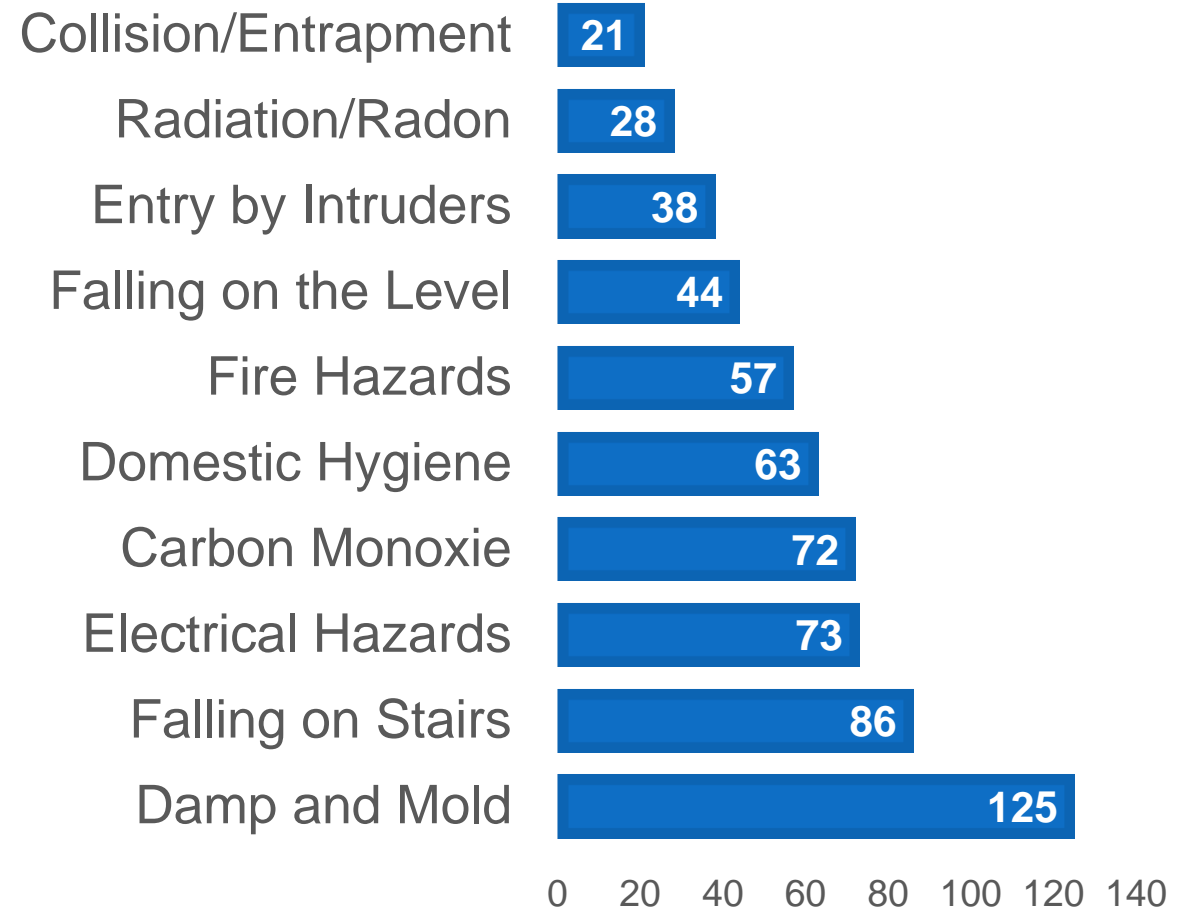
Risk Assessment Inspections from Lead Safe KC



- During prior HUD grant, 197 units received risk assessments for healthy homes hazards.

Source: Health Department

MOST COMMON HEALTHY HOMES HAZARDS*



* Data set from HUD grant (05/12-05/15)

Rental Housing Issues in the Kansas City Metro

The 2015 American Community Survey provides insight into **rental housing issues** in the KCMO metro (City-specific figures are not yet available):

24% of rental households with school-aged children had a child **diagnosed with asthma** (compared to 16% of owner-occupied households with school-aged children)

66% of rental households with children under than 7 live in housing units **built before 1979** (compared to 48% of owner-occupied households with children under 7)

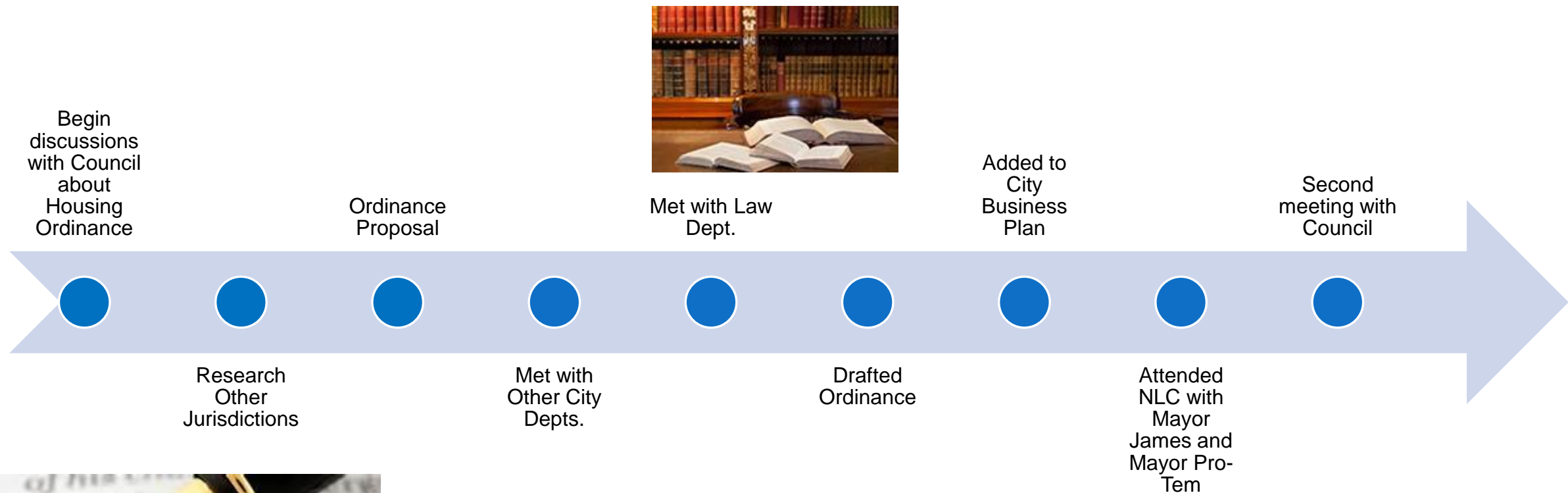
19% of rental housing units reported **musty smells** in the last 12 months (compared to 13% of owner-occupied housing units)

3.6% of rental housing units reported the presence of **mold** in the house (double the prevalence of owner-occupied units)

Benchmarking/Research

Wyandotte Unified Government	Leawood, KS	City of St. Louis	Minneapolis, MN	Overland Park, KS
<ul style="list-style-type: none">• 10 years• Interior/Exterior• Fee Based• SFH 5yrs, Apartments 2yrs• Enforcement Power	<ul style="list-style-type: none">• 10+ years• Interior/Exterior• Fee Based & General Fund• Annual Inspection• Enforcement Power	<ul style="list-style-type: none">• 30+ years• Visual Lead Inspections• No Fee• Annual Inspection & Prior to Renting• Enforcement Power	<ul style="list-style-type: none">• 20+ years• Interior/Exterior• General Revenue• Tiered Inspections for timeframe• Enforcement Power	<ul style="list-style-type: none">• Ordinance passed in 2016• Implemented in January 2017

Progress to Date



National League of Cities Program

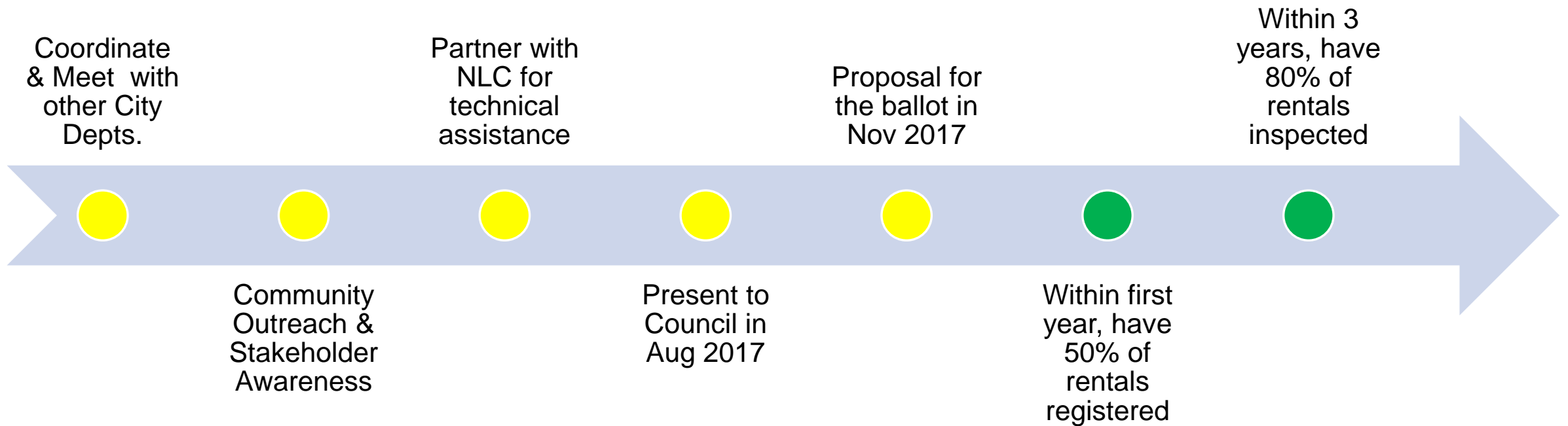
Six cities selected to participate:

- Kansas City, Toledo, Memphis, Nashville, Syracuse, and Rochester

Mayor's Institute on Housing, Hazards, and Health

- Institute goal is to optimize policy, programs, and practices to support healthy housing
- Institute will provide technical assistance and support for one year

In the Future



Objective:

Neighborhoods and Housing Services, Environmental Quality, and the Healthy Department collaborate and identify funding sources to improve and maximize energy efficiency to reduce costs for the residents of Kansas City, with emphasis on low-income householders, and multi-family low-income housing.

Energy Cost Burden for KC Area Households Relative to Other Cities

KCMO is in the **top 10 cities** for energy spending as a proportion of household income (“energy burden”) among 48 MSAs. **Low-income, minority and rental households** are also more burdened in KCMO.

	All households	Low-income households	African-American households	Latino households	Renting households
1	Memphis (6.2%)	Memphis (13.2%)	Memphis (9.7%)	Memphis (8.3%)	Memphis (8.6%)
2	Birmingham	Birmingham	Pittsburgh	Providence	Birmingham
3	New Orleans	Atlanta	New Orleans	Philadelphia	Atlanta
4	Atlanta	New Orleans	Kansas City (7.9%)	Kansas City (6.6%)	New Orleans
5	Providence	Providence	Birmingham	Atlanta	Providence
6	Pittsburgh	Pittsburgh	Milwaukee	Birmingham	Kansas City (6.1%)
7	Kansas City (4.5%)	Dallas	St. Louis	Phoenix	Pittsburgh
8	Fort Worth	Philadelphia	Cleveland	Dallas	Cincinnati
9	Cincinnati	Kansas City (8.5%)	Cincinnati	Fort Worth	St. Louis
10	Dallas (4.3%)	Cleveland (8.5%)	Atlanta (6.6%)	Detroit (5.7%)	Cleveland (5.5%)
Median	All cities (3.5%)	All cities (7.2%)	All cities (5.4%)	All cities (4.1%)	All cities (4.0%)

Source: *Lifting the High Energy Burden in America’s Largest Cities*, ACEEE, April 2016

Understanding the Landscape of Programs

EnergyWorksKC

- \$20M from DOE
- 2,703 single family residential blgs impacted
- \$830K in annual energy savings

Local energy utilities

- Funding for low-income weatherization assistance programs (LIWAP)

Energy Efficiency for All

- Nonprofit working toward a strategy to make low-income multi-family housing more energy efficient in KC

Center for Climate & Energy Solutions (C2ES)

- National nonprofit that has indicated their interest in working with KC to make low-income housing more energy efficient

Energy Empowerment Ordinance

- Beginning in 2017, will receive annual energy use for multi-family residential bldgs > 100,000SF
- In 2018, will receive for multi-family residential bldgs > 50,000SF

Residential PACE Program Usage

- In September 2016, the Missouri Clean Energy District launched HERO, a residential PACE loan program operated by Renovate America, a company based in California with extensive experience in making residential loans for energy efficiency & renewable energy projects
- As of January 18, 2017 the HERO program has achieved the following results in KCMO:
 - 434 residential loan applications received
 - 259 residential loans approved
 - 126 projects completed – 96 energy efficiency projects and 30 residential solar energy installations
 - Total value of projects completed - \$1.2 million

Housing Policy

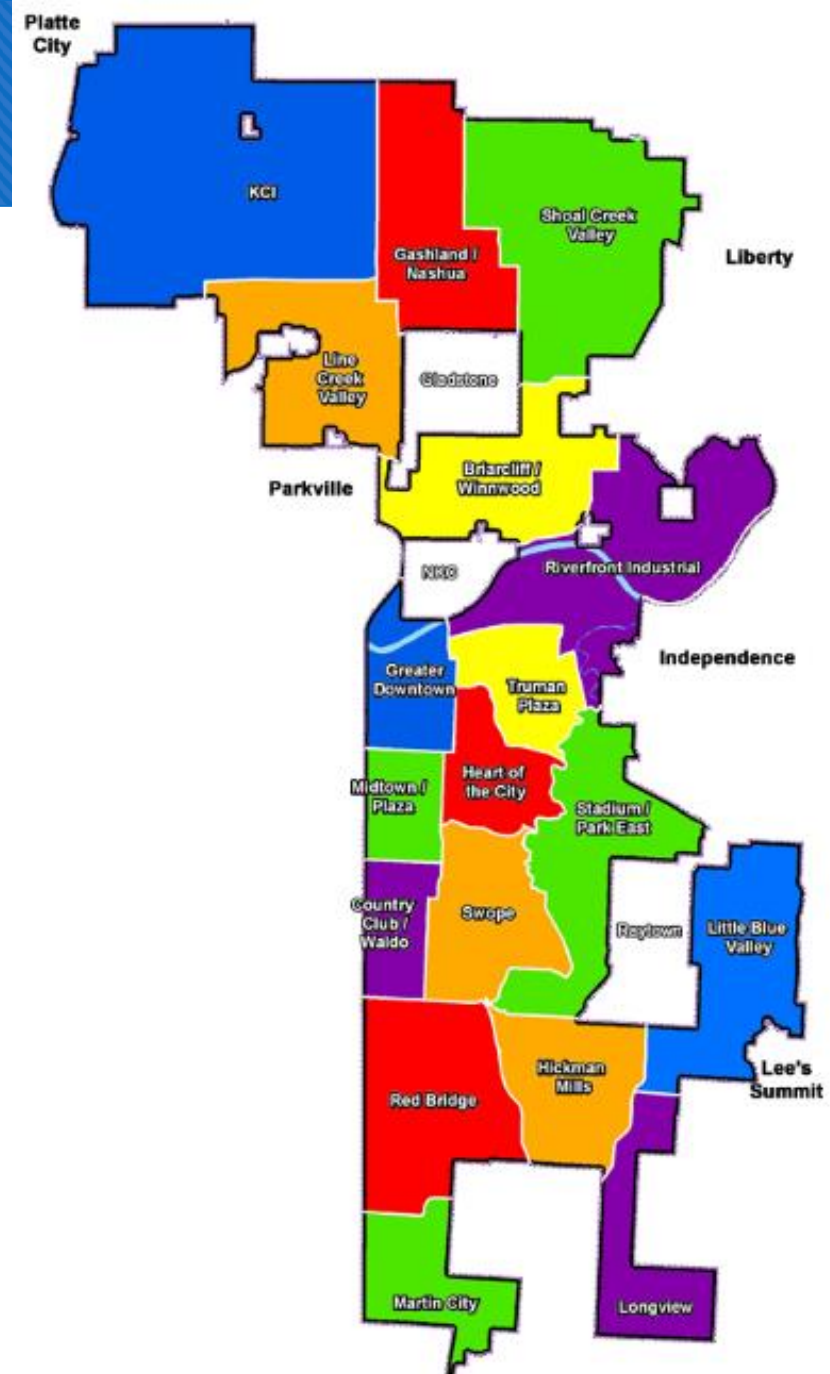
Objective:

Develop a new City Housing Policy that addresses all housing types, including very low income, affordable, workforce, and market rate

Existing Policies

- Comprehensive Plan – FOCUS*
- Area Plans (18)*
- City Council - Housing Committee Annual Goals*, Other Policies and Ordinances
- Prior 5-Year Consolidated Plan - Priority Areas*
- New AFFH*/5 Year Consolidated Plan
- AdvanceKC
- Others – STAR Certification, All KC Plan

**Integrated into 2017-2021 Consolidated Plan*



Benchmarks for a Comprehensive Policy Process



- Recent/Best Practices: Pittsburgh, Boston, Chicago, Dallas, Wichita, Denver, APA
- Average Timeframe = 18 months

Available Housing Data and Data Gaps

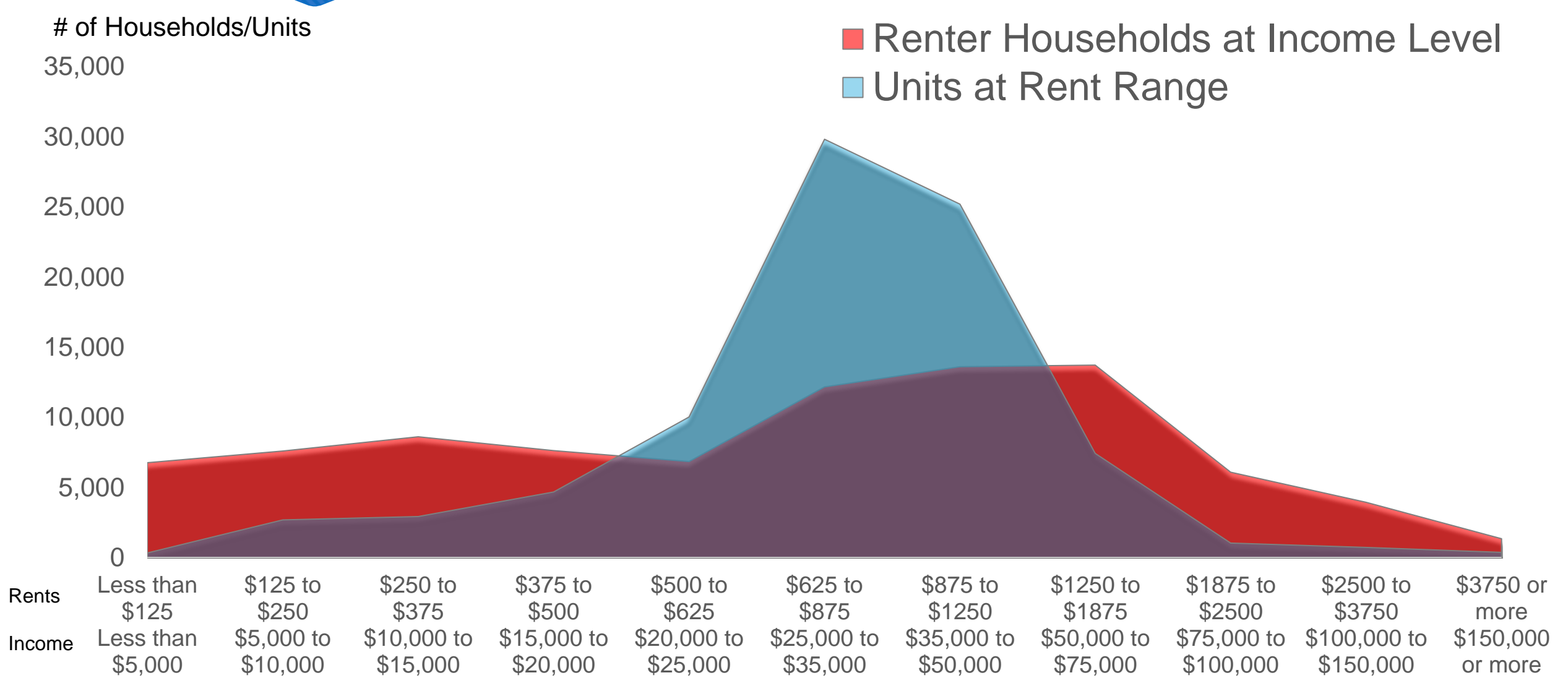
Most housing policies are underlaid by a robust data analysis process; KCMO currently has much of the data that would be needed to undertake this, but would need to acquire other data. The new Market Value Analysis data may also help to fill some of the below gaps.

Data Category	Data We Have Access to	Data We Might Need to Obtain
Demographics	Population, households, housing units Race/ethnicity, income, age Tenure Structure Type	
Defining Affordability	Public housing Rent costs Home values Affordability analysis Affordable market-rate housing	Home sales
Housing Market Characteristics	Building permits	Recent market rate rental development Absorption rates Income-restricted housing inventory
Housing Need	Income bands Affordable housing gap	Cost burden
Displacement Risk		Mortgage denials Foreclosures

Policy Themes from Benchmark Examples

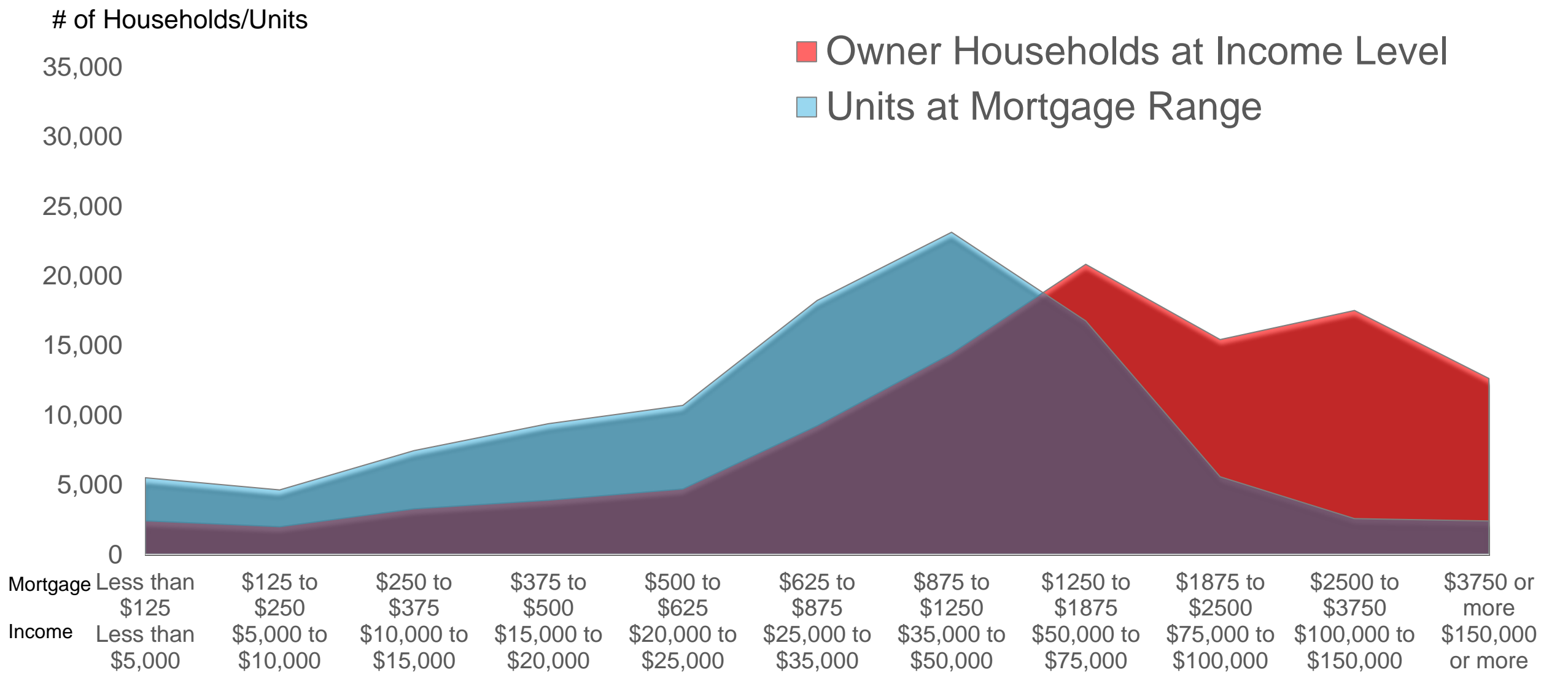


Comparison between Renter Household Income and Rental Unit Rates



Source: American Community Survey via analysis by CPD

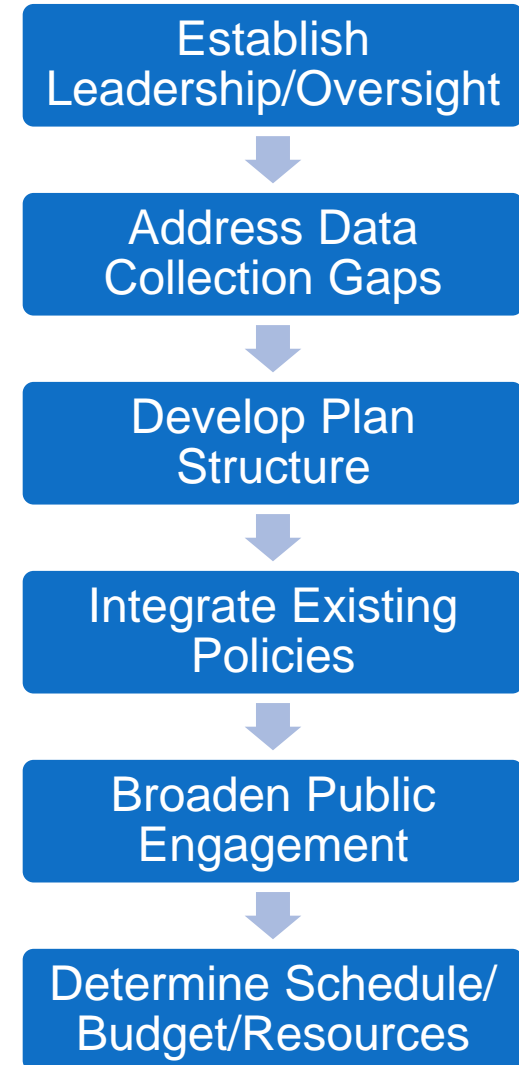
Comparison between Owner Household Income and Owner Occupied House Prices



Source: American Community Survey via analysis by CPD

Next Steps

- Assemble Staffing Resources
- Finalize Policy Framework
- Develop Emerging Initiatives
 - Housing Trust Fund
 - Loan Loss Reserve Pool
 - Other?



Objective 6

Support establishment of a new local housing financing organization that offers single family rehabilitation and new infill construction to support home ownership opportunities

Examples of Rehabilitation Funding Gap

Example One: Acquisition/Rehab

Appraised Value = \$30,000

Costs for Buyer:

Acquisition/Closing Costs	\$ 3,000
Rehabilitation Costs	\$ <u>40,000</u>
Total "All-In"	\$ 43,000

Available Financing:

Bank loan (80% Loan to Value) \$ 24,000

Gap in Financing: \$ 19,000

Example Two: Existing Home Rehab

Appraised Value = \$ 45,000

Debt/Costs for Buyer:

1 st Mortgage Balance	\$ 28,000
Estimated Rehabilitation Costs	\$ <u>40,000</u>
Total Debt/Costs	\$ 68,000

Available Financing:

1st Mortgage Lender (80% Loan to Value minus existing 1st mortgage balance) \$ 8,000

Gap in Financing: \$ 32,000

Overview of Plan to Address Rehab Funding Gap

- Public/Private partnership between six banks and City of Kansas City
 - City would contribute \$1.0 Million toward loan loss reserve and up to \$4.0 Million for a low interest 2nd Mortgage fund
 - Leverage with \$10 Million from banks to capitalize loan fund
- Estimated 600-plus single family houses in Land Bank, plus existing owner-occupied single family homes
- Program would be geographically targeted and focused on attracting households desiring homeownership and out of renting
 - Home buyer education/counseling component & contractor participation process

Next Steps/Timeline

Secure commitments from the six banks: Arvest; Central Bank of the Midwest; Commerce; Liberty; UMB; and U.S. Bank. Add others as interest grows.

Use existing low-interest earning funds as the 2nd mortgage source funding availability to be repaid at a higher rate by borrowers

RFQ/P for interested organizations capable and qualified to originate, underwrite and service—
2nd Qtr. 2017

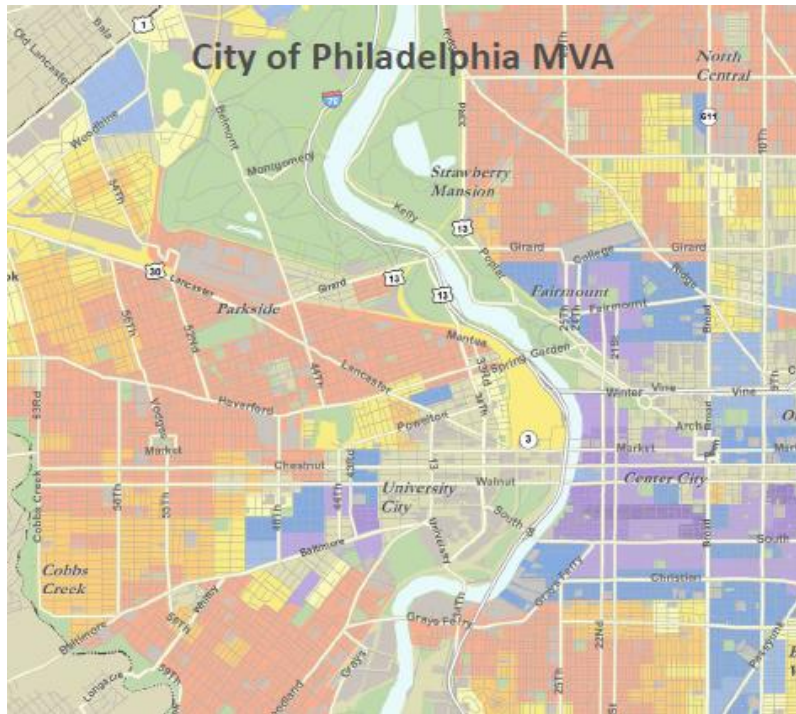
Goal: Establish in 2017

Objective:

Integrate the results of
the Market Value Analysis
into City housing and
economic development
strategies

Market Value Analysis (MVA) Overview

Kansas City, MO's Market Value Analysis (MVA) combines many datasets about the residential housing market in order to identify **9 distinct residential market types (A through I) at the block group level**.



Goal of MVA: to be able to identify distinct market conditions, and where transitions occur between market types, in order to **better target appropriate interventions**.

Datasets Utilized in KCMO MVA (data timeframe: 2014–2Q 2016):

Property Value and Investment

- Number of residential sales
- Median residential sales prices
- Variance of sales prices
- Homes with improvement permits over \$1K
- New construction

Blight, Distress and Vacancy

- Distressed sales
- Homes with maintenance violations
- Bank owned properties
- Demolition permits
- Dangerous buildings
- Vacant property registry
- Homes with signs of vacancy

Housing Characteristics

- Owner occupied homes
- Renters in single family homes
- Density of housing units
- Units of subsidized housing

MVA Stakeholder Group

The development of KCMO's MVA model has been overseen by a [stakeholder group](#) who has assisted in validation of the data and model, as well as committed to identifying uses for the MVA in KCMO. The following organizations are represented on the stakeholder group:

City of KCMO (NHS, CPD, & CMO)	KCMO Land Bank
Office of Mayor Sly James	Office of Mayor Pro Tem Scott Wagner
HUD	UMKC Bloch School
Altcap	UMKC Department of Architecture
Urban Neighborhood Initiative (UNI)	Federal Reserve Bank of Kansas City
Kansas City Regional Association of Realtors	H&R Bloch Foundation
Housing Authority of Kansas City	Greater Kansas City LISC
Legal Aid of Western Missouri	Urban Land Institute – Kansas City

Benchmarking Uses of an MVA

Over 30 MVAs have been completed for city, county, and state governments across the country, including: Detroit, Philadelphia, Pittsburgh, Baltimore, New Orleans, Milwaukee, St. Louis, Houston, Wilmington and Jacksonville. Uses of the MVA data vary by jurisdiction, but have included the following:

Potential Use for Kansas City	Peer Cities Utilizing
Focus code enforcement and other neighborhood services for better outcomes	Philadelphia, Baltimore
Develop CDBG comprehensive plan	Detroit, St. Louis, Pittsburgh
Target demolition and acquisition activities	Baltimore, Philadelphia, Detroit
Guide Land Bank marketing strategies	Philadelphia, Wilmington
Guide capital budget	Detroit
Evaluate development opportunities	Pittsburgh, Philadelphia, Houston, Detroit, St. Louis
Engage partners in coordinated efforts to rebuild neighborhoods	Baltimore, Milwaukee, Jacksonville
Assess changes in the market over time	Philadelphia, Baltimore, Pittsburgh

MVA Results Roll-Out

Thursday,
January 26

- Business Session to Mayor and City Council
- City Hall, 1 PM
- Overview of MVA process and results

Friday, January
27

- Community presentation of results
- Federal Reserve Bank, 10 AM
- Discussion of MVA results and potential uses

Anytime

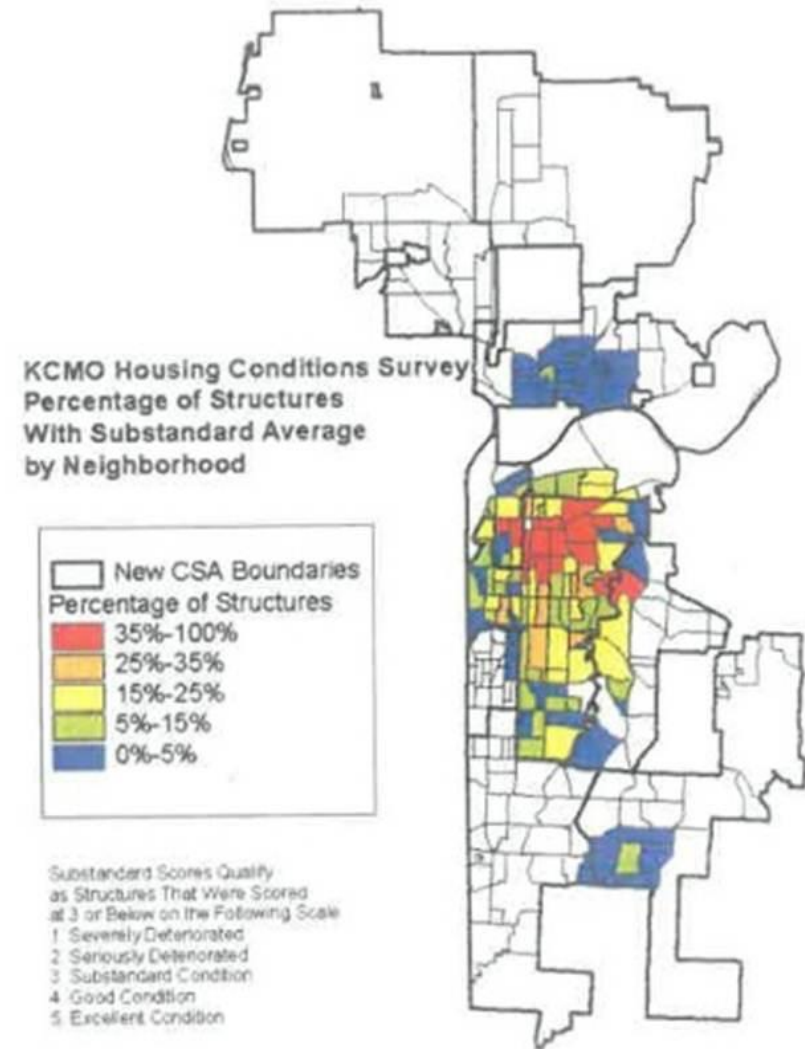
- View results on a dynamic map here:
<http://kcmo.gov/planning/market-value-analysis/>
- Download dataset including shapefile from Open Data KC

Objective:

Perform targeted housing
condition surveys

Housing Condition Analysis Overview

- The previous Housing Condition Survey was done in 2000-2001 by the City and UMKC.
- The Housing Conditions Survey highlights information according to specified Strategy Area and neighborhood.
- Sixteen exterior factors, ranging from Roof condition to street lights, were considered when evaluating each structure.
- The average percentage of substandard structures was determined by neighborhood throughout the 100 percent survey area.



Next Steps for Housing Condition Survey

- Updated Housing Condition Survey could provide insights in several areas:
 - In combination with the MVA, could tell us where housing condition is a major factor in market conditions that needs to be addressed, which could allow us to target program resources around rehab efforts
 - In combination with previous Housing Surveys, could tell us where housing conditions have improved and/or declined, which would allow us to assess the success of previous interventions and identify trends
- GIS application is available that could ease the administration of the housing condition survey and lower the cost.
- UMKC has submitted a proposal to undertake the work for 50,000 parcels; NHS has submitted a budget request for \$100K to fund this work.

Questions?

Stay up to date on progress at kcstat.kcmo.org

#KCStat

Next KCStat:

February 7, 9 AM: Neighborhoods and Healthy Communities

